

Washington State Auditor's Office

Audit Report

City of Clyde Hill King County

Audit Period
January 1, 1999 through December 31, 1999

Report No. 61410

Issue Date
June 30, 2000



Washington _____
State Auditor

Brian Sonntag

Audit Summary

**City of Clyde Hill
King County
January 1, 1999 through December 31, 1999**

ABOUT THE AUDIT

This report contains the results of our annual independent audit of the City of Clyde Hill for the period January 1, 1999, through December 31, 1999.

We performed audit procedures to determine whether the City complied with state and local laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated internal controls established by management. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

The City complied with state and local laws and its own policies and procedures. Its internal controls are adequate. Its financial statements are accurate and complete.

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King County
January 1, 1999 through December 31, 1999**

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Description of the City

City of Clyde Hill King County January 1, 1999 through December 31, 1999

ABOUT THE CITY

The City of Clyde Hill is a residential community of about 3,000. It is located just outside of the City of Bellevue and east of Lake Washington. It has a Mayor-Council form of government, with five elected Council Members and an independently elected Mayor. The City adopts an annual budget, which is currently \$3.1 million. It employs 16 people and provides its residents the following services:

- Police
- Parks and recreation
- Public works/planning/permits

The City of Bellevue provides fire and water and sewer services. The City contracts with an independent consultant and a consulting firm for engineering services.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor	Philip G. Rourke
Council Members:	Michaela Berger
	Patrick Hawkins
	Stuart Case
	Jim Hillman
	Dean Messmer

Note: In May 1999, George Martin replaced Stuart Case. In January 2000, Mr. Martin replaced Philip Rourke as Mayor, and Mr. Rourke assumed Mr. Martin's council seat.

APPOINTED OFFICIALS

Administrator-Clerk/Treasurer	Mitch Wasserman
Police Chief	William J. Archer
Public Works Director	Sam Schille
Attorney	John D. Wallace of Ogden, Murphy & Wallace

ADDRESS

City	9605 Northeast 24 th Street Clyde Hill, WA 98004-2141
Attorney	Suite 2100 1601 5 th Avenue Seattle, WA 98101-1686

Audit Areas Examined

City of Clyde Hill King County January 1, 1999 through December 31, 1999

In keeping with general auditing practices, we do not examine every portion of the City of Clyde Hill's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the City were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Ethics/conflict of interest
- Budget adoption and compliance
- Legal investments
- Police citations and evidence
- Insurance
- Timely deposit of public funds
- Council approval of expenditures
- Competitive bidding on public works

INTERNAL CONTROL

We evaluated the following areas of the City's internal control structure:

- Cash receipts
- Cash disbursements
- General ledger/journal entries
- Payroll
- Change fund
- Permits

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Cash and investments
- Interfund activity
- Payroll expenditures
- Property tax revenue
- State shared revenue
- Interest revenues

Audit Overview

**City of Clyde Hill
King County
January 1, 1999 through December 31, 1999**

AUDIT HISTORY

We audit the City of Clyde Hill annually. Overall, the City has a record of good internal control and compliance with legal requirements. It is committed to serving its residents in the most cost-beneficial manner. It has not used debt financing since 1989.

The City supports accurate and timely financial reporting.

CONCLUSIONS

The City has a consistent record of legal compliance with state and local laws and regulations and its own policies and procedures. It has implemented an adequate level of internal controls given its small staff and limited areas of risk. In addition, it has continued to improve its internal controls and seek guidance from the State Auditor's Office.

We thank the City's officials and staff for their cooperation and assistance during the audit. We appreciate their willingness to discuss issues openly and revise policies and procedures as necessary.

Independent Auditor's Report on Compliance with State Laws and Regulations

**City of Clyde Hill
King County
January 1, 1999 through December 31, 1999**

Mayor
City of Clyde Hill
Clyde Hill, Washington

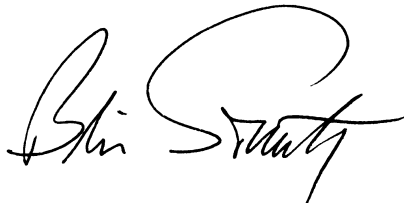
We have audited the financial statements of the City of Clyde Hill, King County, Washington, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 2, 2000.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the City complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the City's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the City and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the City complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

June 2, 2000

Independent Auditor's Report on Financial Statements

City of Clyde Hill King County January 1, 1999 through December 31, 1999

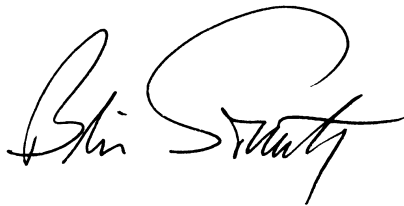
Mayor
City of Clyde Hill
Clyde Hill, Washington

We have audited the accompanying financial statements of the City of Clyde Hill, King County, Washington, for the year ended December 31, 1999. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the City prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the City of Clyde Hill for the year ended December 31, 1999, on the cash basis of accounting described in Note 1.



BRIAN SONNTAG, CGFM
STATE AUDITOR

June 2, 2000

Financial Statements

**City of Clyde Hill
King County
January 1, 1999 through December 31, 1999**

FINANCIAL STATEMENTS

Combined Balance Sheet – All Fund Types and Account Groups – 1999
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – 1999
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and
Actual (Cash Basis) – All Governmental Fund Types – 1999
Notes to Financial Statements – 1999